



## Copper: Preliminary Data for November 2014

The International Copper Study Group (ICSG) released preliminary data for November 2014 world copper supply and demand in its February 2015 Copper Bulletin. The Bulletin is available for sale upon request.

In developing its global market balance, ICSG uses an apparent demand calculation for China, the leading global consumer of copper, accounting for about 40% of world demand. Apparent copper demand for China is based only on reported data (production + net trade +/- SHFE stock changes) and does not take into account changes in unreported stocks [State Reserve Bureau (SRB), producer, consumer and merchant/trader], which have

reportedly been significant during recent periods of stocking or de-stocking and which could significantly alter supply-demand balances.

Therefore, beginning with the January 2014 data release, ICSG has included an additional line item - Refined World Balance Adjusted for Chinese Bonded Stock Changes. As there is no officially reported data, ICSG uses an average of stock estimates provided by three consultants — based on their ongoing research and analysis of the Chinese copper market — to estimate the unreported inventory changes. The resulting adjustments to world refined copper balance are discussed separately in italics below.

According to preliminary ICSG data, the refined copper market balance for November 2014 (excluding the adjustment for changes in China's bonded stocks) showed an apparent production deficit of about 40,000 metric tonnes (t). When making seasonal adjustments for world refined production and usage, November showed a balanced market. The refined copper balance for the first eleven months of 2014, including revisions to data previously presented, indicates a production deficit of 640,000 t (a seasonally adjusted deficit of 524,000 t). This compares with a production deficit of 278,000 t (a seasonally adjusted deficit of 147,000 t) for the same period of 2013.

In the first eleven months of 2014, world usage is estimated to have increased by around 10% ([1.9 Million tons (Mt)] compared with that in the same period of 2013, supported by strong demand in China and a shortage of high-grade scrap that led to the use of more cathode by semi-manufacturers. Chinese apparent demand increased by 17% (+1.5 Mt) based on a 16% increase in net imports of refined copper. Excluding China, world usage increased by 4%, supported mainly by apparent usage growth of 9% in the European Union and 9.5% in Japan, as well as by growth of 6% in other Asian countries (excluding China and Japan) and 8% in the Middle East/North Africa region. Usage in the United States declined by 1.5%.

World mine production is estimated to have increased by around 1.5% (236,000 t) in the first eleven months of 2014 compared with mine production in the same period of 2013. Concentrate production increased by 1% (151,000 t) while solvent extraction-electrowinning increased by 2.5% (85,000 t). Although world mine production increased by 4% in the 1<sup>st</sup> half compared with 1<sup>st</sup> half 2013 production, output in July through November declined by 1% from that in the same period of 2013. In the first eleven months of 2014 production remained essentially unchanged in Chile, and declined by 25% in Indonesia, where production through August remained constrained by the ban on concentrates exports; by 7% in Zambia owing to an operational failure at the Lumwana mine and lower production at other mines; by 3% in Australia owing to the temporarily closure of two mines; and by 26% in Papua New Guinea, where output at Ok Tedi mine was constrained by a landslide and heavy rains. However, production increased by 1.5% in Peru, 8% in the United States, 9% in the Democratic Republic of Congo (DRC), 7% in Mexico, 11% in Canada, 9% in Brazil and 35% in Mongolia. The average world mine capacity utilization rate for the first eleven months of 2014 fell to 84% from 86.5% in the same period of 2013, as the growth in capacity outstripped the increase in production.

World refined production is estimated to have increased by around 8% (1.6Mt) in the first eleven months of 2014 compared with refined production in the same period of 2013: primary production increased by 9%, and secondary production (from scrap) increased by 3%. The main contributor to growth was China (18%, 1.1 Mt), followed by India, the DRC, Japan and the United States, where aggregated production increased by 13% (425,000 t). Output in Chile, the second leading refined copper producer, declined by 1% owing to a 4.5% decline in electrowon production. On a regional basis, refined production is estimated to have increased in Africa (7%), North America (7%), Asia (14%), Europe (3%), and Oceania (10%) and to have declined in South America (-1.5%). The average world refinery capacity utilization rate for the first eleven months of 2014 increased to 83% from 79.5% in the same period of 2013.

*Based on the average of stock estimates provided by independent consultants Chinese bonded stocks declined by around 30,000 t in the first eleven months of 2014 from the yearend 2013 level. Stocks declined by around 300,000 t in the same period of 2013. In the first eleven months of 2014, the world refined copper balance adjusted for the decrease in Chinese bonded stocks indicates a production deficit of around 668,000 t compared with a deficit of around 584,000 t in the same period of 2013.*

The average LME cash price for January 2015 was US\$5,815.83 per tonne, down from the December 2014 average of US\$6,422.95 per tonne. The 2015 high and low copper prices through the end of January were US\$6,309.00 (on 2<sup>nd</sup> Jan) and US\$5,390.50 per tonne (on 29<sup>th</sup> Jan), respectively, and the year-to-date average was US\$5,815.83 per tonne. As of the end of January, copper stocks held at the major metal exchanges (LME, COMEX, SHFE) totalled 406,380 t, an increase of 99,943 t from stocks held at the end of December 2014. Compared with the December 2014 levels, stocks were up at LME and SHFE and down at Comex.

Please visit the ICSG website [www.icsg.org](http://www.icsg.org) for further copper market related information.

(World Refined Copper Usage and Supply Trends table on next page)

### World Refined Copper Usage and Supply Trends, 2010-2014

Thousand metric tonnes, copper

	2010	2011	2012	2013	2013	2014	2014			
					Jan-Nov	Aug	Sep	Oct	Nov	
World Mine Production	16,038	16,052	16,688	18,109	16,477	16,713	1,556	1,515	1,571	1,534
World Mine Capacity	19,276	19,475	19,970	20,793	19,037	19,921	1,863	1,810	1,878	1,825
Mine Capacity Utilization (%)	83.2	82.4	83.6	87.1	86.6	83.9	83.5	83.7	83.6	84.0
Primary Refined Production	15,748	16,131	16,575	17,245	15,745	17,188	1,627	1,616	1,663	1,651
Secondary Refined Production	3,236	3,465	3,572	3,814	3,466	3,572	343	342	348	347
World Refined Production (Secondary+Primary)	18,985	19,597	20,147	21,059	19,211	20,760	1,970	1,958	2,011	1,998
World Refinery Capacity	23,548	24,050	25,097	26,445	24,147	24,986	2,334	2,264	2,344	2,273
Refineries Capacity Utilization (%)	80.6	81.5	80.3	79.6	79.6	83.1	84.4	86.5	85.8	87.9
World Refined Usage 1/	19,138	19,705	20,403	21,327	19,489	21,400	1,886	1,953	2,040	2,040
World Refined Stocks End of Period	1,198	1,205	1,376	1,325	1,363	1,236	1,189	1,213	1,242	1,236
Period Stock Change	-178	7	171	-51	-13	-89	42	24	28	-5
Refined Balance 2/	-153	-109	-256	-267	-278	-640	84	5	-29	-42
Seasonally Adjusted Refined Balance 3/					-147	-524	47	50	-39	-4
Refined Balance Adjusted for Chinese bonded stock change 4/	24	-170	312	-514	-584	-668	19	-68	-62	1

Due to the nature of statistical reporting, the published data should be considered as preliminary as some figures are currently based on estimates and could change  
 1/ Based on EU apparent usage. 2/ Surplus/deficit is calculated using refined production minus refined usage. 3/ Surplus/deficit is calculated using seasonally  
 adjusted refined production minus seasonally adjusted refined usage. 4/ For details of this adjustment see paragraph 3 of the press release.